

**1st WEEK****October 2020**❖ **MACRO**

- Federal Reserve Chairman Jerome Powell called Tuesday for continued aggressive fiscal and monetary stimulus for an economic recovery that he said still has “a long way to go.” Noting progress made in job creation, goods consumption and business formation, among other areas, Powell said that now would be the wrong time for policymakers to take their foot off the gas. Doing so, he said, could “lead to a weak recovery, creating unnecessary hardship for households and businesses” and thwart a rebound that thus far has progressed more quickly than expected. “By contrast, the risks of overdoing it seem, for now, to be smaller,” Powell added in remarks to the National Association for Business Economics. “Even if policy actions ultimately prove to be greater than needed, they will not go to waste. The recovery will be stronger and move faster if monetary policy and fiscal policy continue to work side by side to provide support to the economy until it is clearly out of the woods.”
- The economic crisis of 2020 may not have been as bad as the International Monetary Fund originally thought, but the path ahead will be a “difficult climb,” Kristalina Georgieva, the Fund’s managing director, said Tuesday. The IMF projected in June a contraction of 4.9% in global GDP (gross domestic product) this year. However, the global economy has ended up performing better than the Fund’s expectations in the second and third quarters. This is expected to lead to “a small upward revision” to its growth forecasts which are due to be presented next week. “The picture today is less dire. We now estimate that developments in the second and third quarters were somewhat better than expected,” Georgieva, who took the helm of the IMF a year ago, said during a speech in Washington, D.C. She explained that the better-than-expected performance came from “extraordinary policy measures.”

- Review:

The remarks come amid conflicting signs for an economy trying to shake off the unprecedented impacts of the Covid-19 pandemic.

❖ **MICRO**

- The Representative Office of Bank Indonesia (BI) for the Special Region of Yogyakarta (DIY) said that the economy in the City of Gudeg was still recovering due to the impact of COVID-19 since last March. This refers to the deflation and inflation data that occurred in DIY. The DIY Bank Indonesia Representative Office recorded inflation of 0.03% (mtm) in September 2020. This realization shows the accumulative rate of DIY inflation up to September 2020 was recorded at 0.71% (ytd) or an annual basis of 1.66% (yoy). "This achievement is above the national inflation, namely 1.42% (yoy). However, the realization of inflation in DIY and at the national level, is below the target set, namely  $3.0\% \pm 1\%$  (yoy)," said the Director of the Representative Office. BI DIY, Hilman Tisnawan through a written statement, Monday (5/10/2020). Hilman explained that the current inflation rate ended the deflationary trend in the last two months. According to him, this condition is a positive indication by showing that public consumption has begun to increase. This is supported by the Consumer Survey in September 2020, in which the Consumer Confidence Index in DIY has moved up close to the optimistic limit at the level of 97.9.
- The restructuring or credit relief program will be extended. The Financial Services Authority (OJK) as the regulator that established the policy has agreed to extend the stimulus program as stated in OJK Regulation (POJK) number 11 of 2020 to deal with the impact of the Corona virus (COVID-19). Previously, this credit restructuring program was only valid until March 31, 2021 in accordance with the provisions of Article 10 POJK 11/2020. However, the Chairman of the OJK Board of Commissioners Wimboh Santoso confirmed that his party would extend the validity period again. "For the restructuring, we agree that in this condition it must be extended. Now this extension

is technically, if it is due now, it will be extended again. After all, it still exists until next year. And if it is 6 months it can be extended another 6 months," said Wimboh in a virtual working meeting (Raker) with Commission XI of the Indonesian Parliament, Thursday (1/10/2020).

Review:

Inflation that occurred in September 2020 was mainly caused by core inflation and inflation in the administered prices category. As for the volatile food category, deflation continued for three consecutive months.

❖ **BANKING**

- PT Bank Negara Indonesia (Persero) Tbk or BNI together with the Institute for Domestic Government (IPDN) signed a memorandum of understanding (MoU) and a cooperation agreement (PKS) to support the IPDN program to become a smart campus. This collaboration can also strengthen digital banking services and financial transactions within the IPDN environment. The cooperation between the two parties was carried out in Jakarta, today. The event was attended by IPDN Rector, Hadi Prabowo; Deputy Director of BNI, Adi Sulistyowati; and the Director of BNI Institutional Relations, Sis Apik Wijayanto. Sis Apik Wijayanto said that this cooperation is expected to make innovative breakthroughs in order to improve IPDN's performance. The breakthrough was made through the implementation of a cashless society within IPDN, among others by providing digital-based banking services. "This program is a tangible manifestation of BNI's support for IPDN. In this case, BNI supports the development of a smart campus program, such as the use of functional Praja multi-function cards. as a civil service identity card, electronic money, entry card to campus facilities, and can be developed as an e-attendance service, "said Sis Apik in a written statement, Friday (2/10/2020).

- PT Bank Mandiri (Persero) recorded the contribution of digital transactions through Mandiri Cash Management (MCM) in August 2020, which amounted to 67 million transactions. This transaction value reached IDR 5,800 trillion or grew 20 percent from the same period the previous year. "The active role of Bank Mandiri is currently increasingly needed to foster national financial transaction activities in the midst of a pandemic," said Director of Treasury, International Banking & SAM Darmawan Junaidi in an official statement in Jakarta, Friday, October 9, 2020. Darmawan said that Bank Mandiri provides transaction banking services based on digital to support financial governance such as cash management needs, trading activities, and specific community or ecosystem-based transactionals. According to him, this is the answer to the banking challenge to optimize liquidity through the concept of practical financial governance to support the overall performance of a business or company in general.

#### Review:

The plan for business cooperation between BNI and IPDN will be implemented throughout the IPDN Campus as an ongoing activity by implementing financial service solutions for IPDN, its employees (PNS & non PNS), and IPDN partners.

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